

NORTHROP REBATE REPORTED IN IRAN AS AN ATONEMENT

\$2 Million Is Said to Cover Questionable Sales Fees—Teheran Wants \$8 Million

By ERIC PACE

Special to The New York Times

TEHERAN, Iran, Feb. 22—The California-based Northrop Corporation recently paid an unannounced rebate of \$2 million to the Iranian Government to atone for ethically questionable payments to third parties in connection with earlier sales of military aircraft to Iran, highly placed Iranian sources disclosed over the weekend.

Nonetheless, the informants said, the Iranian Government has decided to make a penalty deduction of more than \$3 million from payments to a Northrop subsidiary, Page Communications Engineers Inc. and three other companies involved in a \$200 million communications construction project in Iran. The sum represents the amount that the four concerns are said to have improperly earmarked for commissions and other payments to third parties in connection with the project.

[Efforts to reach officers of the Northrop Corporation for comment on the subject over the weekend were unsuccessful.]

The reported \$2 million payment is the first known instance of a United States company accused of questionable financial commitments in connection with dealings in Iran, peatedly suggested that much of the slush funds involved had wound up in the pockets of foreign executives rather than in those of Iranians. As one highly placed Iranian official contended in an interview yesterday, some crumbs may have been given to Iranians, but the meat goes back to Western business men."

No Specific Sale Cited Just what aircraft sale, and just what commitment, had given rise to Northrop's \$2 million rebate was not disclosed. The Iranian Government's position is that its officials must negotiate contracts on the possible terms

Approved For Release 2005/01/12 : CIA-RDP88-B-0000400260007-6

23 FEB 1976

OK 91 Page Communi-
cations Engineers, INC.

here that this was proper re-
servation for work by a serv-
ice company he headed that
provided office space, legal and
other advice, and other services. The company is under-
stood to have been dissolved.

In addition, Northrop admitted last summer to having paid a \$4,400 bribe to an Iranian tax official.

Documents released by the subcommittee also indicated that a retired United States Army major general, Harvey Jablonsky, had opened a numbered bank account in Switzerland in which Northrop deposited more than \$600,000 as a slush fund, and a Northrop official was quoted as having said he thought at least part of that sum was earmarked for payoffs to Iranian officials involved in the communications project here.

That project, contracted for in 1970 and now virtually completed, involved the construction of an integrated national telecommunications system. This entailed, among other things, the building of many microwave transmitters for relaying telephone calls around Iran.

Iran is understood to have already paid a substantial part of the money due under the contract to the four foreign companies, which formed a consortium to carry out the project: Page Communications, General Telephone and Electronics International, Siemens A.G. and the Nippon Electric Company Ltd.

However, the Senate subcommittee on multinational corporations last year made public documents and data indicating that Northrop payments to third parties in connection with aircraft and other transactions here and elsewhere were of long standing.

The principal military transactions involving Northrop and Iran were the sale of several score Northrop F-5A light-weight fighters several years ago and the subsequent sale of more than 100 F-5E single-seat tactical fighters. Both sales were made through the United States Government.

Kermit Roosevelt, grandson of President Theodore Roosevelt and formerly a high official of the Central Intelligence Agency, was reported to have been paid up to \$75,000 a year plus expenses to open doors for Northrop in Washington and in Iran and other Middle East countries.

And several hundred thousand dollars were said to have been paid to Prince Shahram Pahlevi, a member of Iran's imperial family, in connection with the activities of the Page concern in Iran. But the Prince is understood to have claimed